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World Chronicle

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ADMINISTRATIVE AND FINANCIAL REFORMS

Joseph CONNOR, United Nations Under-Secretary-General for Administration and Management, discusses efforts to improve the efficiency of the administrative and financial functioning of the organization. Since 1994, the UN budget has been either flat or decreasing. Technology is being utilized to trim the cost of reproducing documents by making them available for users electronically through an optical disk system and the United Nations World Wide Web page, which has received very favourable reviews and been rated as one of the top 10 government sites. As of February 1997, the estimated number of "hits" per week had risen to 1,100,000. (The United Nations Home Page can be accessed on the Internet at http://www.un.org.) Steps have been taken to streamline and reduce the bureaucracy. Administrative and other non-programme costs will be reduced from 38 per cent to 25 per cent of the budget. Mr. Connor hopes to see more efficient and accountable management in the future.

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ANNOUNCER: From United Nations Headquarters in New York, this is **World Chronicle**, an unedited interview programme about major global issues. Here now to introduce our guest is the host of today's **World Chronicle**.

LITTLEJOHNS: I'm Michael Littlejohns, and this is **World Chronicle**.

A recently published report on strengthening the United Nations system presents four challenges facing the world organization in its efforts to become administratively and financially more efficient. What are these challenges, and how can they be met to improve the performance of the Organization? With us today to discuss these challenges and potential solutions is the chief author of the report. He is Joseph Connor, United Nations Under-Secretary-General for Administration and Management. Joining me to talk with Mr. Connor are Ian Williams of the Tribune of London and Thalif Deen of Inter Press Service.

Mr. Connor, welcome to World Chronicle.

CONNOR: Thank you very much.

LITTLEJOHNS: Mr. Connor, you've done a remarkable job of reining in UN costs and eliminating waste, but some people are beginning to wonder whether the pendulum could be swinging a bit too far the other way. For example, the whole concept of a career international civil service seems to be threatened by short-term contracts and out-sourcing. What's your response to that feeling?

CONNOR: Let me make two or three comments. Thank you for pointing out that the budget is well under control. Probably between the first five years of the last ten, our budget did go up pretty fast, but since 1994 it's been either flat or decreasing. That's a significant change. Governments, quote, "boast" about how their budget deficits are shrinking, but their expenses are going up. Their income's going up faster. In this house, costs are going down. I think we would be blind to the opportunities that technology, for example, gives us to do more with less. Let me be very specific in that. One of the things that the United Nations does is to print, publish all treaties, 40,000 of them since the Organization was set up, so that there are, quote, "no secret treaties". We used to do that; we were 18 years behind in doing it. We have now placed 30,000 on the Internet. Used to sell 400 copies of a treaty. We now get 2500 hits a week. Now, that's a cost-effective operation giving better service to the Member States —

LITTLEJOHNS: When people are doing these hits, do they have to pay for access?

CONNOR: Some of them do, a modest cost. Of course, Member States don't. But I also think that perhaps there's some market value test to be applied here. If what we're doing is worthwhile, I think we can charge for it. I think we have to keep that within bounds. One of the reasons that we were able to make such extensive use of technology was that we realized that sometimes it's better to spend some money to use the technology. So we gave computers,

we gave them, to some of the missions that are in developing countries that did not have them. Payback on that? One country said, you can now stop sending us 40 copies, hard copies, of a document, send us one, we'll dispatch it on the Internet to our capital, we'll save the postage, we'll get it there fast. So I think that we're trying to direct our costs, expand our technology, improve the service — and of course, that's going to be reflected in the total cost to the Organization.

LITTLEJOHNS: Why was the UN so slow in entering the high tech area, Mr. Connor?

CONNOR: We weren't.

LITTLEJOHNS: You were not slow?

CONNOR: No, not really.

LITTLEJOHNS: So why is it that now you say that high tech is saving so much money, it didn't save it before?

CONNOR: We're riding the crest of the wave, at this point. Let me tell you another story. I want to review budgets with each programme manager, and there are probably about 30 of them around the world. We used to have them come in for meetings. Three years ago, when I first came to the Organization, I had to go to a studio in lower Manhattan to hold a video conference. We now do 30 or 40 of those video conferences a week from our facility. It costs us $1.25 a minute to videoconference with Jakarta, Amman, ECLAC in Santiago. The technology is here, and we're riding it. We've got the best home page of, I think, any organization in the world. It's crammed full. All official documents of the UN are on it in all official languages. They can be retrieved. The composition, the layout of the home page is facilitating the work of small missions who have three or four diplomats trying to decide which meetings to attend, which are the important ones to their capital, getting their instructions from their capital. So I think it's that we were ready on technology.

Now, there's a special type of technology that I'll talk a little bit about. We were behind on computer systems. Woefully behind. Like 30 years. Computers couldn't talk. And so seven years ago we began that building process with a new computer system — high risk business. Sixty to sixty-five per cent failure rate. Computer systems that cost $500 million frequently don't work. You read about it in the newspapers all the time. Ours works. We had plenty of teething problems, we haven't extracted all of the glitches yet, but the day that the system integrated and we could use the same computer based databank and access it from around the world, that was a pretty big day around here. So we caught up where we were behind.

WILLIAMS: Aren't you a bit jealous of your colleagues at the World Bank? Wolfensohn went and asked his members for half a billion dollars so that he could carry out

the type of efficiency reforms that you have, so he said that to make himself more efficient he needed considerably more money; whereas what you're being reduced to doing is making efficiency moves with less money than before. Did you ever wonder why he got special treatment down in Washington and you are struggling to cut money while investing here?

CONNOR: Well, and I think I'd like to help run my business, not help run his business. He may have different circumstances. We did absorb, by finding savings in our budget, the cost of buy-outs of staff members. We are down 1,000 staff members, roughly 10 per cent, in a year. Most of those were staff members who held up their hand and said, I would like to go at an age where I can perhaps build another career, or do something else, and of course, just like anybody else, we made appropriate financial settlements with them. They're called buy-outs. And we absorbed a number of those. And then of course we had some natural attrition. Nobody was separated involuntarily.

WILLIAMS: But wasn't that one of the points that was being made at the time, that the age profile, I think your own document says, of the UN is already skewed towards the upper end —

CONNOR: Yes.

WILLIAMS: — and the people who are most likely to take a buy-out and start a new career were precisely the type of enterprising, more enterprising and more initiative-ridden staff that you would want to keep, whereas the deadwood stayed here, clinging firmly, since they knew they wouldn't survive in the outside world.

CONNOR: And we anticipated everything that you said, and the Secretary-General retained the right of refusal to accept a buy-out request, and a number of them were. You are absolutely right, and I'm glad you read that part of the report. The average age of staff members in the Secretariat, where normal retirement is 60, the age is 48. And we do have a series of bulges in the next couple of years. Five hundred staff members a year will be leaving through normal attrition. That gives us a chance to deal with this demographic change, broadening our recruitment geographically, gender-wise, promoting people faster through the ranks. It's an opportunity that frankly happened totally by accident. But accidents can be beneficial, and that's what we're planning to do, and that's what the report says.

DEEN: Mr. Connor, speaking of the staff, the Staff Union and also the developing countries, the Group of 77, they have been complaining that there are increasingly a large number of seconded staffers in the UN system, a total of about 443, which are designated by Governments, paid for by Governments. And they say that most of these staffers are running the UN, like the peace-keeping department, and also they are a threat to the international civil service. What is your response to this charge?

CONNOR: Well, you know, as an accountant I always like to start with the numbers. Actually, you're a little low, as I remember. We have what we call about 500 gratis personnel. Half of them are, in effect, military officers on loan from their Governments. We could not have carried out our peace-keeping functions without having people who were steeped in the knowledge and the technology of logistical support, military-type procurement, that sort of thing. So the General Assembly encouraged Member States to contribute voluntarily either money or people that would help in that regard. That spread to Humanitarian Affairs, where landmine removal suddenly became an activity that was a very major activity here. But it also happened in other sections of the Organization. The support backup for peace-keeping, several gratis personnel made a significant contribution there. I think that the General Assembly looks at this as okay as long as it's temporary and specialized. And I think they are concerned.

DEEN: Are they saving any money for the Organization?

CONNOR: Well, of course.

LITTLEJOHNS: Well, they must be.

CONNOR: Yes. The cost of the military personnel that we do not pay is over $30 million a year. Now, that cost us nothing. You know, UN peace-keeping missions frequently have a number of gratis contributions. Let me be specific. When the UN troops were evacuated from Somalia, five frigates stood offshore — an American, a French, a British, and two Italian ships. No bills were sent to the UN for that.

WILLIAMS: The US Congress seems to have a different view. They're trying to send a bill for theirs, aren't they?

CONNOR: That's right. And I think that's an issue that has to be talked out. What I'm saying is that Member States, believing in what the purposes of the Organization are, have consistently provided either human or mechanical resources in addition to their assessments. That has both a good and a bad side to it, but that is the fact. We could not have done a number of things that we do do without that sort of support.

DEEN: But the loyalties of these staff, they are not to the Organization, they're to the Member States.

CONNOR: I think it's an issue that we try to solve by having them sign agreements in which they, quote, "voluntarily assume" to act in behalf of the Organization as if they were a staff member. You're quite right. Staff members of this Organization are supposed to be independent, not accepting instructions from any Government. That's an oath that we all take when we join it. I think that's the way the Member States want it. I think we can extend that to gratis personnel.

LITTLEJOHNS: This is **World Chronicle**. Our guest is Joseph Connor, United Nations Under-Secretary-General for Administration and Management.

Mr. Connor, we're always hearing about the so-called bloated bureaucracy, which is a pretty insulting term, because probably these people are not so bloated and many of them work pretty hard. But you've brought the numbers down to about 9,000, I think, from 12,000?

CONNOR: A little bit lower.

LITTLEJOHNS: A little bit lower? Is that an optimum number now, would you say?

CONNOR: The optimum number depends on what we're asked to do.

LITTLEJOHNS: But you're being asked to do more and more all the time, aren't you?

CONNOR: Yes. I think that one of the budgeting concepts that I want to instill in this Organization is that each year we approach the budget cycle with a goal — build in 2 per cent, 3 per cent, whatever we determine, efficiency. Thirty-eight years in the private sector, I sure found out that what it costs you has very little relevance to how much you can sell it for. You've got to create value. That doesn't necessarily mean always piling on added costs. So I think the efficiency dividend concept is here to stay, and I think that that will constantly result in rebalancing how many people we need for what kind of outputs we're seeking to achieve. That will vary. At the present time, I'm relatively comfortable with about 9,000, and as you mention, 1985 we had 12,000 people here. So we have not ignored the problem. We've not forgone the opportunity. I think we're now systematically building it into the budget process.

LITTLEJOHNS: At the insistence of the United States, this Office of Internal Oversight Services was established to sort of inspectorate general on the lines of GAO. How effective has that been in reducing waste and corruption?

CONNOR: Well, I think the head of that office reports each year to the General Assembly.

LITTLEJOHNS: Karl Theodor Paschke of Germany.

CONNOR: That's right. Mr. Paschke's last report and report to the GA identified about $17 million worth of cost savings or other similar reductions as a result of last year's activity.

LITTLEJOHNS: That's rather small compared with your $100 million reduction.

CONNOR: I think I have greater opportunities at times. He's looking for things that, let's say, weren't done right, and how could that have been corrected; I'm looking for things to do right the first time. And with the onslaught of technological progress, with a different management philosophy — remember, management is all about getting people to go in the same direction with enthusiasm — so, we can cut back. Your question started with bloated bureaucracy. Bloated — probably not; bureaucracy — you sure named it. We've got a rule problem here that is incredible. So many rules. For what other purpose? It is hard to find your way along the road map. That needs a great deal of slimming down. In his report to the

General Assembly in March, the Secretary-General identified — first time anybody ever identified it — that 38 per cent of the cost in our regular budgets is for administration or information, not real value to the Member States, just how we administer ourselves. He adopted a goal of 25 per cent. Twenty-five per cent is not a good goal, but it's a very good first step. If we achieve —

LITTLEJOHNS: What is a good goal?

CONNOR: Oh, I would say that any organization that has more than 15 to 20 per cent non-output benefits has not fine-tuned itself. But this is a good first step. It's about $200 million. If we can shift those costs out of administration and "non-productive", quote, activities in the sense of outputs that the members want, while living within no increase in our budget, we will have pulled off a significant achievement. The marching orders are on the table, and we're working that problem. We'll have more to say about it. The report I released on Monday had how we're going to go about that process.

WILLIAMS: One of the problems is applying sort of private industry standards to a sort of governmental service organization. It's a bit like trying to get a cost benefit for a fire brigade: how do you measure all the fires that don't happen as the result of an effective fire brigade? And, for example, you've been giving awards for efficiency, the UN 21 Awards, to peace-keeping, and I'm sure peace-keeping did a wonderful job, but I'm also aware that there's quite a lot of people in Srebrenica who are a little less flattering about the job that peace-keeping did, and an awful lot in Kigali, or there would have been a lot of people in Kigali who are a little less flattering about what peace-keeping did. How do you measure — you know, you've got them here getting an award; for an outsider, the UN has not actually sort of covered itself in glory in some of these incidents and areas.

CONNOR: Boy, have we made some mistakes at certain times; no question about it. And a lot of those mistakes were mistakes of what I'll call haste. You know, when you suddenly have people who spent several years buying paper clips suddenly chartering helicopters, you've got some start-up problems. And we had more than start-up problems, we had continuing problems. What we focused on, though, let's term good performance, best practices, trying to make up some of the lost territory. Some of them were real. For example, we used to charter ships on a time basis, point A to point B to point C, back to point A, frequently back to point A there was nothing on the ship. We were paying for empty ships. So now we just do it on a different basis, we don't pay that way, and that saved $21 million. Here's a correction of an obvious bad practice. Eleven thousand vehicles are deployed on UN peace-keeping missions. The mistake? That represented 900 different makes and models. The savings? We changed the practice. We now buy on a standard basis, we save $2500 an automobile, we buy 4,000 a year — $10 million savings. I think, Deen, it illustrates your point.

We didn't do it right in the first place; we've corrected the practice; we've produced savings. We'll get it together, and we'll go forward on a better basis.

DEEN: Mr. Connor, very often you speak of eliminating waste and mismanagement. Last year the UN peace-keeping force I believe in Kuwait overpaid some nearly $1 million to its staffers. Have you recovered this money, and have you tracked down who was responsible for this, particularly in the context of management accountability?

CONNOR: The process of recoupment of overpay, it was a determination of how much they should be paid on a daily basis for subsistence.

DEEN: Mission allowance.

CONNOR: Mission allowance. Nobody quarrelled with there should be a payment for that. UN staff members have to maintain homes where they came from, they're on temporary assignments out there — no problem with the concept. Again, the rules on how you measure that supplemental payment were so complex that there was a genuine confusion. And this, by the way, is one of the OIOS findings, they said you paid the wrong amounts; our interpretation of the rules is different. We looked at their computation, they were right. And we are recovering the overpayments. It's stretched out over a year or two, I forget what the period is. But, you know, if you're suddenly losing $800 or $900 a month out of your compensation, you can't do it all at once.

LITTLEJOHNS: Mr. Connor, early on I asked you about out-sourcing. And I read in a report by Mr. Paschke that the people who handle catering here in the UN made a profit of $12 million over 10 years at the expense of the UN. The contract I think is up for renewal. And, by the way, I was also told the contractor is offering the princely sum of a pay increase of five cents an hour for the staff. What are you doing to deal with problems like that, where people are making large profits at the expense of the UN?

CONNOR: Well, you're quite right that we have taken a look at the catering contract. It was competitively bid, not only now but in the previous contracts. But you've made a couple of comments there that I'm having some difficulty with. I don't recognize the number that you mention, the $12 million.

LITTLEJOHNS: But it was in Mr. Paschke's report.

CONNOR: I just don't remember that particular number. I'm sure you're quite right. I don't know how you judge a contractor's profits. We don't usually do that. What we do is determine how much we're willing to pay for the service. The contractor in the new contract has committed to major capital improvements, and they have not raised prices in the cafeteria for about six years. I think that's a rather good track record, on which we began the negotiations. We have allowed them a five per cent increase in prices, which is the first time in

several years, and we have contracted for a further five per cent increase a few years down the line.

LITTLEJOHNS: But they're offering a five cent increase to their staff.

CONNOR: The contractor is a commercial operation. Its employees belong to one of the largest unions, not just the ones who work in the UN for that contractor, but caterers and restaurant people all over this area.

LITTLEJOHNS: Doesn't the UN feel some sense of social responsibility? I mean, five cents an hour? Would the UN staff accept five cents an hour?

CONNOR: Well, as a matter of fact, the UN got a lower pay raise last year than five cents an hour, so I think we do accept it. The point — and I'm very firm on this point — is that we buy the service of contractors. There's their bargaining between their union and the management of all the catering operations in New York. We are not supposed to be applying other standards to how we buy goods. We try to buy automobiles where we get a good price. We try to buy catering where we get a good price, good service. That's what our management requirements are. The arrangements between the contractor and his employees, not ours, is something we don't get involved in.

LITTLEJOHNS: Mr. Connor, to change the subject for the last few seconds, what is your assessment for the future of the UN?

CONNOR: Well, I guess I suffer from the short-range vision at times. I'm interested in the management of this place. When I leave this place, I want to see a management culture that is more attuned to risk taking, more innovative, more concerned with communication with the staff members who work for the management, and very conscious that what we do has a value, and every day we have to prove that value to the Member States.

LITTLEJOHNS: Mr. Connor, that's all time we have. Thank you for being with us on this edition of **World Chronicle.**

Our guest has been Joseph Connor, United Nations Under-Secretary-General for Administration and Management. He was interviewed by Ian Williams of the *Tribune* of London and Thalif Deen of Inter Press Service.

I'm Michael Littlejohns. Thank you for joining us. We invite you to be with us for the next edition of **World Chronicle.**

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